

Message Text

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TO USDEL SECRETARY NIACT IMMEDIATE

C O N F I D E N T I A L STATE 271483 TOSEC 200007

EXDIS

E.O. 11652: GDS

TAGS: OVIP

SUBJECT: TALKING POINTS FOR LOU HARRIS PERSPECTIVE

11/18/75

FOR ADAMS FROM LORD

1. SUGGEST YOU SHOW THIS TO CHUCK ROBINSON AND TOM ENDERS
BEGIN TEXT: I WOULD LIKE TO SAY A FEW WORDS ABOUT TRANS-
NATIONAL CORPORATIONS AND HOW THEY FIT INTO THE BROADER
FRAMEWORK OF THE CHANGING INTERNATIONAL ECONOMY AND THE NEW
DEMANDS FOR INCREASED COOPERATION BOTH AMONG NATIONS AND
BETWEEN GOVERNMENTS AND PRIVATE BUSINESS.

2. IT IS CLEAR THAT THE POSTWAR ECONOMIC SYSTEM HAS BEEN
UNDER SEVERE STRESS AS A RESULT OF THE OIL PRICE SHOCK,
RAMPANT INFLATION, UNPRECEDENTED UNEMPLOYMENT, AND HIGHLY
VOLATILE PRICES FOR MANY KEY COMMODITIES. NEVERTHELESS,
WE ARE CONVINCED THAT THE SYSTEM HAS, UNTIL VERY RECENTLY,
SERVED ALL COUNTRIES EXTRAORDINARILY WELL, AND THAT WITH
SOME KEY ADJUSTMENTS IT CAN CONTINUE TO INSURE THE WORLD'S
GROWTH AND PROSPERITY.

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3. ONE OF THE CENTRAL ISSUES INVOLVING BOTH COOPERATION AMONG GOVERNMENTS, COOPERATION BETWEEN THE USG AND OUR BUSINESS COMMUNITY, AND THE HEALTH OF THE INTERNATIONAL ECONOMY IS THE TRANSNATIONAL ENTERPRISE. THE TRANSNATIONAL ENTERPRISE HAS AND WILL CONTINUE TO PLAY A CRUCIAL ROLE IN DEVELOPING THE WORLD ECONOMY AND IN HELPING IT ADJUST TO CHANGING DEMANDS. IT HAS AND WILL CONTINUE TO BE A POWERFUL INSTRUMENT OF MODERNIZATION, FOR IT IS CLEAR THAT THERE IS NO SUBSTITUTE FOR ITS ABILITY TO EFFICIENTLY MARSHALL CAPITAL, MANAGEMENT SKILLS, TECHNOLOGY AND INITIATIVE.

4. ALTHOUGH THE TRANSNATIONAL ENTERPRISE IS A CENTRAL PART OF OUR ECONOMIC FUTURE, WE ALL RECOGNIZE THAT IT IS INCREASINGLY THE OBJECT OF NATIONAL CONCERN AND THE TARGET OF NATIONAL CONTROL. MOREOVER, PRESSURES ON TNES FREQUENTLY HAVE THEIR ROOTS IN THE ACTIVITIES WHICH CAUSE POLITICAL, SOCIAL AND FINANCIAL DIFFICULTIES WITHIN NATIONAL BORDERS.

5. A CENTRAL CHALLENGE TO ALL COUNTRIES AND TO THE USG AND THE BUSINESS COMMUNITY WORKING TOGETHER, IS TO FURTHER AN INTERNATIONAL INVESTMENT CLIMATE WHICH IS CONDUCTIVE TO THE CONTINUED OPERATION OF THE TNE, YET TAKES ACCOUNT OF THE LEGITIMATE GOALS AND ASPIRATIONS OF HOST COUNTRIES AS WELL. OUR PHILOSOPHY IS THAT ENTERPRISES MUST ACT IN FULL ACCORDANCE WITH THE SOVEREIGNTY OF HOST GOVERNMENTS AND TAKE FULL ACCOUNT OF THEIR PUBLIC POLICY. AND COUNTRIES ARE ENTITLED TO REGULATE THE OPERATIONS OF TRANSNATIONAL CORPORATIONS WITHIN THEIR BORDERS. BUT COUNTRIES WISHING THE BENEFITS OF THESE ENTERPRISES SHOULD FOSTER THE CONDITIONS THAT ATTRACT AND MAINTAIN THEIR PRODUCTIVE OPERATION.

6. OUR POLICY HAS BEEN TO SEEK AN INTERNATIONAL COOPERATIVE APPROACH BY PARTICIPATING IN AN EFFORT NOW UNDERWAY IN THE OECD TO DESIGN VOLUNTARY GUIDELINES FOR THE BEHAVIOR OF BOTH TRANSNATIONAL ENTERPRISES AND GOVERNMENTS.

7. THESE GUIDELINES MUST BE FAIR, FOR FAILURE TO REFLECT
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THE INTERESTS OF ALL PARTIES CONCERNED WOULD EXACERBATE RATHER THAN MODERATE THE FRICTIONS WHICH HAVE UNDERMINED THE INTERNATIONAL INVESTMENT CLIMATE. AT THE UN IN SEPTEMBER I STATED FOUR PRINCIPLES ON WHICH WE INSIST THESE GUIDELINES BE BASED:

-- TRANSNATIONAL ENTERPRISES ARE OBLIGED TO OBEY LOCAL LAW AND REFRAIN FROM UNLAWFUL INTERVENTION IN THE

DOMESTIC AFFAIRS OF HOST COUNTRIES.

-- HOST GOVERNMENTS MUST TREAT TRANSNATIONAL ENTERPRISES
EQUITABLY, WITHOUT DISCRIMINATION AMONG THEM, AND IN
ACCORDANCE WITH INTERNATIONAL LAW.

-- BOTH GOVERNMENTS AND BUSINESS MUST RESPECT THE CON-
TRACTUAL OBLIGATIONS THEY FREELY UNDERTAKE.

-- PRINCIPLES FOR TRANSNATIONAL ENTERPRISES SHOULD APPLY
TO DOMESTIC ENTERPRISES WHERE RELEVANT.

8. WE BELIEVE GUIDELINES ARE AN IMPORTANT STEP IN MEET-
ING THE LEGITIMATE FINANCIAL, SOCIAL AND POLITICAL CON-
CERNS OF HOST COUNTRIES, AND, AT THE SAME TIME, HELPING
TO ADDRESS THE PROBLEMS THAT TNES ARE HAVING IN DEALING
WITH THE GROWING NUMBER OF INVESTMENT DISPUTES. WE FEEL
THAT ALL PARTIES SHOULD GAIN BY AN INTERNATIONAL MARKET-
PLACE CHARACTERIZED BY RULES OF THE GAME EVERYONE UNDER-
STANDS, ACKNOWLEDGES AND RESPECTS.

9. IT IS ALSO IMPORTANT THAT OUR EFFORT TO CREATE THE
PROPER INVESTMENT CLIMATE FOR TRANSNATIONAL CORPORATIONS
BE SEEN IN A LARGER PERSPECTIVE. ULTIMATELY THE FATE OF
INTERNATIONAL BUSINESS IS TIED UP WITH THE ECONOMIC CON-
DITIONS WE WISH TO BRING ABOUT IN THE WORLD.

-- TO ENHANCE THE ECONOMIC SECURITY OF ALL COUNTRIES;

-- TO ACCELERATE ECONOMIC GROWTH; AND

-- TO IMPROVE THE WORLD TRADING SYSTEM AND THE CON-
DITIONS OF TRADE AND INVESTMENT IN KEY COMMODITIES.
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CREATING THESE CONDITIONS, OF COURSE, IS VERY MUCH IN OUR
SELF-INTEREST AS WELL AS IN THE INTEREST OF THE INTER-
NATIONAL COMMUNITY, AND IT IS IN THIS CONTEXT THAT WE
VIEW THE TNE ISSUE.

10. IN THESE EFFORTS FIRM AMERICAN DOMESTIC SUPPORT IS
REQUIRED. THE ADMINISTRATION HAS BEEN CONDUCTING AND WILL
CONTINUE FULL CONSULTATIONS WITH THE AMERICAN BUSINESS
COMMUNITY ON WAYS TO BEST REALIZE THE OBJECTIVES WE SEEK.

11. YOUR ASSISTANCE IS ESSENTIAL IN HELPING AMERICA'S
EFFORT TO SHAPE A NEW ERA OF INTERNATIONAL COOPERATION IN
WHICH PEOPLE CAN PURSUE THEIR POSITIVE ASPIRATIONS WITH
CONFIDENCE THAT THE FUTURE OFFERS EVERY PROSPECT FOR PEACE,

JUSTICE, AND WIDENING PROSPERITY.

11. THE CAPACITY OF NATIONS TO DEAL WITH THE TNE ISSUE
CONSTRUCTIVELY WILL BE A TEST OF WHETHER THE SEARCH FOR
COMMON SOLUTIONS OR THE CLASH OF IDEOLOGIES WILL DOMINATE
OUR ECONOMIC FUTURE. END TEXT INGERSOLL

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